



CBD OFFICE MARKET WATCH

The CBD's vacancy rate was 17.71 percent in the fourth quarter, inching higher for the seventh consecutive quarter of negative net absorption.

 Vacancy Rate
17.71%

 Net Absorption
-26K SF

 New Leasing
1.85M SF

Multiple new deals signed to end the year strong

The fourth quarter brought signs of life to the downtown area despite the emergence of Omicron COVID variant in November. There was roughly 1,849,765 square feet of new leasing activity downtown during the fourth quarter. The quarter's activity included the signing of seven deals over 50,000 square feet. Fulton Market continues to attract new tenants as two deals totaling over 180,000 square feet were signed in the fourth quarter: HAVI Global Solutions leased 96,000 square feet at 345 N Morgan St and MoLo Solutions leased 93,000 square feet at 167 N Green St.

The total vacancy rate for the downtown office market in the fourth quarter was 17.71 percent; the rate increased 4 basis points quarter-over-quarter from the 17.67 percent rate recorded during the third quarter of 2021. Additionally, the rate increased 274 basis points year-over-year from the 14.97 percent rate tallied at year end of 2020.

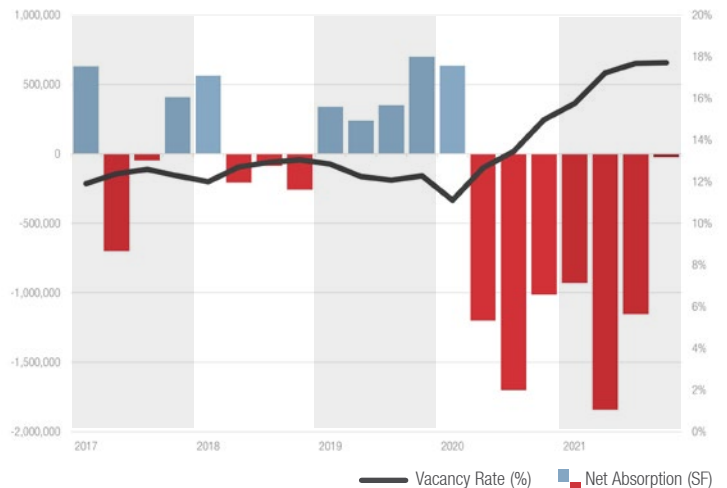
The sublease vacancy rate was 1.84 percent in CBD during the fourth quarter, an increase of fifteen basis points from the 1.69 percent rate recorded third quarter. There was just under 3.0 million square feet of sublet vacant space downtown during the fourth quarter. This figure is roughly 200,000 square feet above the third quarter number.

There were five subleases greater than 20,000 square feet signed during the quarter, led by Braze signing for more than 50,000 square feet at 1 N State St. The overall absorption figure for the downtown area was -25,603 square feet. Vizient led the way in the fourth quarter with the largest new lease downtown signing more than 107,000 square feet in The Old Post Office. Both the West Loop and Fulton Market recorded positive net absorption during the fourth quarter.

Overall downtown net absorption totaled -25,603 square feet, with the marginal dip into the red marking the seventh consecutive quarter that downtown has recorded negative net absorption. Despite the negative number, the quarter's result

broke the trend of two consecutive quarters recording more than -1.0 million square feet. Year-over-year net absorption increased 96.6 percent from the -1.0 million that returned to the market in the fourth quarter of 2020.

While no construction projects delivered in the CBD office market in the fourth quarter, eight developments remain under construction. These developments will add 3.7 million square feet of space between the end of 2022 and the beginning



of 2023. Riverside Investment & Development's BMO Tower, the 50-story, nearly 1.5-million-square foot skyscraper, is the largest office project currently in the pipeline. It is slated for delivery in the first quarter of 2022.

Although the downtown office market's vacancy rate went up once more and net absorption was negative for the seventh consecutive quarter, strong ongoing downtown leasing activity indicates an office market searching for a light on the horizon to spark its recovery.

Q4

2021

CBD Office Market Statistics

Submarket	Total RBA (SF)	Total Vacant (SF)	Direct Vacancy	Sublease Vacancy	Total Vacancy	Availability Rate	Net Absorption (SF)	Under Construction (SF)	New Leasing Activity (SF)	Market Rent Per SF
West Loop	56,300,635	9,117,107	14.09%	2.11%	16.19%	22.21%	34,202	1,585,083	780,981	
Class A	43,411,482	6,498,543	13.41%	1.56%	14.97%	21.06%	156,215	1,497,211		\$46.05
Class B	10,752,181	2,263,170	16.46%	4.59%	21.05%	26.94%	-97,834	87,872		
Class C	2,136,972	355,394	15.91%	0.73%	16.63%	21.81%	-24,179	0		
Central Loop	38,310,346	7,510,328	18.51%	1.10%	19.60%	26.63%	-35,087	0	197,154	
Class A	19,016,391	3,014,049	15.02%	0.83%	15.85%	23.37%	41,373	0		\$45.67
Class B	17,856,251	4,302,831	22.63%	1.47%	24.10%	31.13%	-72,692	0		
Class C	1,437,704	193,448	13.46%	0.00%	13.46%	13.81%	-3,768	0		
East Loop	27,002,570	5,547,191	18.32%	2.22%	20.54%	25.60%	-21,913	0	334,517	
Class A	13,782,080	3,009,865	19.59%	2.25%	21.84%	26.44%	-99,843	0		\$40.16
Class B	9,762,507	2,017,404	17.81%	2.86%	20.66%	26.10%	90,030	0		
Class C	3,457,983	519,922	14.73%	0.31%	15.04%	20.81%	-12,100	0		
North Michigan Avenue	12,752,980	1,588,762	11.28%	1.17%	12.46%	16.55%	-110,939	0	16,016	
Class A	7,966,756	1,052,189	11.50%	1.71%	13.21%	17.90%	-78,745	0		\$43.09
Class B	3,832,913	493,690	12.60%	0.28%	12.88%	15.65%	-32,194	0		
Class C	953,311	42,883	4.16%	0.34%	4.50%	8.92%	0	0		
River North	17,066,034	2,601,634	12.37%	2.88%	15.24%	23.81%	-45,640	1,200,202	148,090	
Class A	9,629,135	1,090,137	10.26%	1.06%	11.32%	23.64%	-32,798	1,200,202		\$47.51
Class B	5,205,895	1,112,723	14.13%	7.24%	21.37%	24.19%	-32,375	0		
Class C	2,231,004	398,774	17.33%	0.54%	17.87%	23.67%	19,533	0		
Fulton Market	9,282,870	2,104,204	21.56%	1.11%	22.67%	32.25%	153,774	885,751	373,007	
Class A	4,673,559	1,241,305	25.67%	0.89%	26.56%	41.05%	138,891	885,751		\$49.59
Class B	3,221,929	682,908	19.28%	1.92%	21.20%	26.16%	8,964	0		
Class C	1,387,382	179,991	12.97%	0.00%	12.97%	16.74%	5,919	0		
Downtown Totals	160,715,435	28,469,226	15.88%	1.84%	17.71%	24.13%	-25,603	3,671,036	1,849,765	
Class A	98,479,403	15,906,088	14.70%	1.45%	16.15%	23.20%	125,093	3,583,164		
Class B	50,631,676	10,872,726	18.54%	2.93%	21.47%	27.07%	-136,101	87,872		
Class C	11,604,356	1,690,412	14.21%	0.36%	14.57%	19.21%	-14,595	0		
Metro Chicago Totals	277,621,584	58,028,422	19.22%	1.69%	20.90%	26.85%	-329,815	3,671,036	3,237,058	
Class A	165,014,593	34,499,603	19.28%	1.63%	20.91%	27.52%	-51,882	3,583,164		
Class B	94,449,117	21,050,896	20.24%	2.04%	22.29%	27.51%	-249,628	87,872		
Class C	18,157,874	2,477,923	13.31%	0.33%	13.65%	17.24%	-28,305	0		